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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Period Ended March 31, 1992

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____.

Commission File Number 0-11179

11-22-2028

VALLEY NATIONAL BANCORP
(Exact name of registrant as specified in its charter)

New Jersey	22-2477875
(State or other Jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1445 Valley Road, Wayne, New Jersey 07474-0558
(Address of principal executive offices) (Zip Code)

(201)305-8800
(Registrant's Telephone Number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES XXX NO ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock (No par value), of which 18,968,722 shares were outstanding as of May 11, 1992.

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VALLEY NATIONAL BANCORP

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VALLEY NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited)

($ in thousands)

ASSETS	March 31, 1992	December 31, 1991
Cash and due from banks	$ 97,401	$ 88,325
Interest bearing deposits with banks	2,575	2,000
Federal funds sold	85,000	--
Investment securities	1,249,642	1,216,088
Loans, net of unearned income	1,390,080	1,376,927
Less: Allowance for possible loan losses	(23,177)	(21,937)
Loans, net	1,366,903	1,354,990
Loans held for resale or RTC putback	--	76,204
Premises and equipment	23,866	23,592
Due from customers on acceptances outstanding	921	340
Accrued interest receivable	24,783	24,061
Due from RTC	20,299	29,275
Other assets	42,515	49,994
Total assets	$2,913,905	$2,864,869
LIABILITIES		
Deposits:		
Non-interest bearing deposits	$ 290,257	$ 291,859
Interest bearing:		
Savings deposits	1,173,788	1,091,303
Time deposits	1,171,426	1,174,197
Total deposits	2,635,471	2,557,359
Federal funds purchased and securities sold under repurchase agreements	21,106	36,027
Treasury tax and loan account	10,715	28,242
Bank acceptances outstanding	921	340
Accrued expenses and other liabilities	33,115	36,252
Other borrowings	12,120	12,120
Total liabilities	2,713,448	2,670,340
SHAREHOLDERS' EQUITY		
Common stock, no par value, authorized 18,200,000 shares, issued 12,725,967 shares in 1992 and 12,725,489 in 1991	7,091	7,084
Surplus	34,081	34,031
Retained earnings	160,452	154,391
	201,624	195,506
Cost of shares in treasury (44,024 common shares in 1992 and 37,268 common shares in 1991)	(1,167)	(977)
Total shareholders' equity	200,457	194,529
Total liabilities and shareholders' equity	$2,913,905	$2,864,869

Member Federal Reserve System
Member Federal Deposit Insurance Corporation
See accompanying notes to consolidated financial statements.

VALLEY NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

($ in thousands, except for per share data)

	Three Months Ended March 31,	
	1992	1991
INTEREST INCOME		
Loans, including fees	$ 32,384	$ 37,096
Loans held for resale or RTC putback	1,546	--
Investment securities		
Taxable	19,330	4,993
Tax-exempt	2,956	2,912
Dividends	38	47
Federal funds sold and other short term investments	384	817
	56,638	45,865
INTEREST EXPENSE		
Savings deposits	11,515	9,021
Time deposits	16,548	15,443
Federal funds purchased and securities sold under repurchase agreements	381	372
Other borrowings	221	371
	28,665	25,207
NET INTEREST INCOME	27,973	20,658
Provision for possible loan losses	3,250	1,700
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES	24,723	18,958
NON-INTEREST INCOME		
Fees from trust services	145	120
Service charges on deposit accounts	956	790
Gains on securities transactions, net	2,902	3
Fees from mortgage servicing	984	484
Other	1,350	1,073
	6,337	2,470
NON-INTEREST EXPENSE		
Salaries and other compensation	5,823	4,210
Employee benefits expense	1,290	923
FDIC insurance premiums	1,313	839
Occupancy and equipment expense, net	2,219	1,654
Amortization of intangible assets	742	567
Other	3,727	2,654
	15,114	10,847
Income before income taxes	15,946	10,581
Income taxes	5,620	3,072
NET INCOME	$ 10,326	$ 7,509
Net income per share	$ 0.81	$ 0.59
Weighted average shares outstanding	12,685,123	12,681,656

See accompanying notes to consolidated financial statements.

ALLEY NATIONAL BANCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

($ in thousands)	Three Months Ended March 31, 1992	1991
Cash flows from operating activities:		
Net income	$ 10,326	$ 7,509
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	1,638	1,248
Amortization of compensation costs pursuant to long term stock incentive plan	40	(7)
Provision for possible loan losses	3,250	1,700
Net accretion of discounts	744	(161)
Net deferred income tax benefit	(4)	35
Net gains on securities transactions	(2,045)	(3)
Gain on liquidation of mortgage servicing rights	-	(4)
Net decrease in unearned income	(317)	(11)
Proceeds on sales of loans held for resale or RTC putback	76,204	-
Proceeds from recoveries on previously charged-off loans	292	272
Net (increase)decrease in accrued interest receivable and other assets	14,799	552
Net increase in accrued interest payable accrued expenses and other liabilities	(20,658)	3,663
Other	241	-
Net cash provided by operating activities	84,510	14,793
Cash flows from investing activities:		
Proceeds from liquidation of mortgage servicing rights	-	8
Proceeds from maturing investment securities	286,559	34,879
Proceeds from sales of investment securities	124,529	-
Purchases of investment securities	(443,400)	(81,095)
Net (increase) decrease in federal funds sold	(85,000)	(10,000)
Net decrease in interest bearing deposits with banks	(575)	1,250
Net (increase) decrease in loans made to customers	(15,088)	32,386
Purchases of premises and equipment	(1,170)	(410)
Net (increase) decrease in due from customers on acceptances outstanding	(581)	285
Net cash used in investing activities	(134,726)	(22,697)
Cash flows from financing activities:		
Net increase in deposits	78,112	14,378
Net increase (decrease) in federal funds purchased and other short term borrowings	(14,921)	581
Net increase (decrease) in bank acceptances outstanding	581	(284)
Dividends paid on common shares	(4,310)	(4,312)
Addition of common shares to treasury	(190)	-
Stock options exercised	25	-
Other net	(5)	-
Net cash provided by (used in) financing activities	59,292	10,363
Net increase in cash and due from banks	9,076	2,459
Cash and due from banks January 1	88,325	76,216
Cash and due from banks at March 31	$ 97,401	$ 78,675
Cash paid during the period for:		
Interest on deposits and other borrowings	$ 29,457	$ 24,331
Federal and state income taxes	$ 850	$ -

See accompanying notes to consolidated financial statements.

VALLEY NATIONAL BANCORP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Consolidated Financial Statements

The Consolidated Statements of Financial Condition as of March 31, 1992 and December 31, 1991, the Consolidated Statements of Income for the three month periods ended March 31, 1992 and 1991 and the Consolidated Statements of Cash Flows for the three month periods ended March 31, 1992 and 1991 have been prepared by Valley National Bancorp("Valley"), without audit. In the opinion of management, all adjustments (which included only normal recurring adjustments) necessary to present fairly Valley's financial position, results of operations, and cash flows at March 31, 1992 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. These consolidated financial statements are to be read in conjunction with the financial statements and notes thereto included in Valley's December 31, 1991 Annual Report to Shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Performance Summary

Valley National Bancorp's net income for the three month period ending March 31, 1992 was $10.3 million or $.81 per share as compared with $7.5 million or $.59 per share for same period in 1991. Annualized returns on average assets and average shareholders' equity of 1.45% and 20.6%, respectively.

The increase in first quarter results over the previous year can be attributed to an increase in net interest income due to the decline in interest rates during the period and the profitable investment of funds received from the acquisition of four savings and loans from the Resolution Trust Corporation ("RTC") during the latter part of 1992. In addition, profits from the sale of securities further enhanced the results of the quarter as well as additional fees earned by VNB Mortgage Services, Inc. ("MSI"). This was offset by a larger loan loss provision to protect against any continuing downturn in the real estate market in Northern New Jersey and higher operating expenses which were a result of the additional 22 branches acquired from the RTC. There continued to be a weak demand for loans, except for the residential real estate market which continues to improve as a result of refinancing due to the decline in interest rates and a modest increase in sales due to the stabilization of prices and general improvement in the region's economy.

Net Interest Income

The primary contributor to Valley's earnings is net interest income which represents the profit margin between interest revenues on earning assets and interest paid on the funding sources for those assets. Each component is measured by changes in volume, mix and rates earned or paid on these earning assets and corresponding liabilities. For the three month period ended March 31, 1992 net interest income on a tax equivalent basis increased $6.8 million compared with March 31, 1991 for an increase of 30.1 percent. The increase in net interest income reflects the addition of approximately $650 million of net savings deposits from the four savings and loan acquisitions since March 31, 1991. These deposits were invested in various investment securities at a positive interest margin, substantially contributing to the increase in net interest income. In addition, approximately $220 million of net new deposits were added to Valley's deposit base since March 31,1991 which were also profitably invested. Lastly, the decline in interest rates on the remaining earning assets and cost of deposits produced a further increase in net interest income.

The largest component of interest income is interest on loans and fees which decreased by $4.8 million or 12.9 percent from March 31, 1992 over 1991. This decrease was directly attributable to a decrease in average loans of $62.0 million since March 31, 1991 while the average rate also declined.

Tax equivalent interest on investments amounted to $23.4 million compared to $9.5 million for the periods March 31, 1992 and 1991, respectively. The increase was mainly the result of increased investments during the quarter as an alternative to decreased loan demand and due to the funds available from the 1991 acquisitions. The average balance of investments increased by $821.4 million and during the same period average rates declined to partially offset the affect of the increased balances. Increases in average balances were mainly attributed to purchases of mortgage backed securities, short term U.S. Treasury Notes, and bank qualified obligations of state and political subdivisions.

Interest paid on deposits increased $3.6 million or 14.7 percent during the quarter ended 1992 over 1991. This was primarily the result of increased average interest bearing deposits of $765.0 million or 50.6 percent while average interest rates declined during the period. The increase in average balances were predominantly from the savings and loan acquisitions. Interest on other short term borrowings decreased slightly during the period over the prior year.

Non-Interest Income

Non-interest income is generated through fee based services provided by the bank and its mortgage servicing subsidiary. For the quarter ended March 31, 1992 and 1991 non-interest income represented 10.1 percent compared with 5.1 percent, respectively, of Valley's total operating revenues.

Non-interest income consists of fees from trust services, service charges on deposit accounts, fees from mortgage servicing activities, net securities gains, and other bank related commissions and fees. Non-interest income excluding net securities gains increased $968 thousand over 1991 or 39.3 percent. The largest component of non-interest income is servicing fees from mortgage servicing operations. MSI continued its operations during 1992 as a servicer of mortgage loan portfolios. Servicing fees generated for the quarter ended March 31, 1992 and 1991 amounted to $984 thousand or 15.5 percent and $484 thousand or 19.6 percent of non-interest revenues, respectively. MSI continues to seek additional portfolios for purchase. The servicing portfolio totalled $832.0 million at March 31,1992 and a portfolio of approximately $196 million was acquired during the second quarter of 1992.

Income generated from service charges on deposit accounts increased by $166 thousand or 21.1 percent over the prior year to $956 thousand. These charges represent 15.1 percent of non-interest revenues in 1992 compared with 32.0 percent in 1991.

Valley's department of Estates and Trusts provides various fiduciary and custodial services for individual and corporate clients. Fees from trust services increased during the quarter by $25 thousand over the prior year. This increase was the result of a continued emphasis on increasing the level of trust assets under management by establishing new client relationships, introducing new products and maintaining a competitive fee schedule.

Other non-interest income consisting of safe deposit rental fees, income from credit card operations, commissions on credit protection insurance and miscellaneous charges increased by $277 thousand or 25.8 percent in 1992 from 1991.

Net gains on securities transactions were higher in 1992 by $2.9 million which resulted from the decision to shorten investment maturities to avoid future interest rate risk. This included the sale of securities which were purchased with funds available from the purchase of the savings and loans.

Non-Interest Expense

Non-interest expense increased $4.3 million or 39.4 percent from March 31, 1991. This reflects the costs associated with the addition of 22 branches and the back office operations of the savings and loan acquisitions. The largest component is salaries and employee benefits which rose $2.0 million representing, once again, the addition of the staff necessary for Valley's expanded operations. Salaries, absent any further aquisitions, are expected to level off except for normal increases, as the full complement of staff necessary to operate the acquisitions are now employees.

Occupancy and equipment was $566 thousand or 34.2 percent higher than 1991. The majority of this increase was the cost of the additional branch locations acquired.

Amortization of intangible increased $175 thousand over 1991 and was mainly attributable to the acquisition of additional servicing portfolios during 1991.

Insurance premiums assessed by the Federal Deposit Insurance Corp. (FDIC) increased by $474 thousand from $839 thousand to $1.3 million. This resulted partially from the increase in Valley's deposits coupled with the deposits acquired in connection with the savings and loan acquisitions. In addition, there was a change in the rates assessed from .195 percent to .23 percent of insured deposits from the March 1991 quarter to the March 1992 quarter. The last change to .23 percent occurred in June 1991, however, the rates and method of charging premiums are currently under review by the FDIC. This review is being conducted

as authorized by the Federal Deposit Improvement Act of 1991 ("ACT"), as passed by Congress, which has set the current 23 basis point premium as the minimum average premium for banks. The Act also institutes a new risk-based premium

system which must be implemented by 1994. Valley cannot predict the impact from the changes based on the Act, but would expect to benefit from a risk-based pricing based on its strong capital position.

Increases in other non-interest expense of $1.1 million or 40.5 percent were primarily the result of additional operating costs associated with the 22 branches acquired. It is expected that these expenses will not increase above these levels again, unless unusual circumstances, such as an acquisition takes place.

Income Taxes

Income taxes as a percentage of pre-tax income rose to 35.2 percent from 29.0 percent for the period March 31, 1992 from the prior year quarter. This increase was partially attributable to providing for a one time expense for income taxes which would be payable if a proposed merger of Mayflower into Valley is consummated. Such taxes are expected to be payable if the merger is finalized as anticipated in the last quarter of 1992. Income taxes without these additional taxes would have been 32.5 percent, which reflects the lower level of revenues earned on investment securities and loans which are exempt from federal income taxes from the prior year.

FUNDS MANAGEMENT

Interest Rate Sensitivity

Managing net interest margin continues to be the single most important factor in maximizing earnings. Through its Funds Management Policy, Valley strives to maintain consistent earnings by managing the sensitivity or repricing of its assets and liabilities to interest rate fluctuation.

Valley seeks to achieve a sufficient level of rate sensitive assets to equal its rate sensitive liabilities and analyzes the maturity or repricing of earning assets and sources of funds at various intervals. The level by which repricing earning assets exceed or are exceeded by repricing sources of funds is expressed as a ratio and dollar value (interest sensitivity gap) and is used as a measure of interest rate risk. A ratio of 1 to 1 or zero gap would represent a balanced position between rate sensitive assets and rate sensitive liabilities and would be desirable during periods of relatively stable interest rates. A ratio of less than 1 to 1 or a negative gap would indicate a level of rate sensitive liabilities in excess of rate sensitive assets and would be used when declining rates are forecasted. A ratio or more than 1 to 1 or a positive gap would indicate more rate sensitive assets than liabilities and would be utilized when rising rates are forecasted.

Based on a five year historical analysis, Valley anticipates that 10 percent of its savings deposits will be subject to withdrawal within the first annual repricing period and consequently 10 percent of the savings deposits are categorized as over one year. While now and demand deposit accounts are subject to immediate withdrawal based upon a similar historical analysis new monies in such accounts exceed withdrawals and are, therefore, categorized as non-rate sensitive.

At March 31, 1992, rate sensitive liabilities exceeded rate sensitive assets at the 90 day interval and resulted in a negative gap of $678.2 million or a ratio of.42:1. Rate sensitive assets exceeded rate sensitive liabilities at the 91 to 365 day interval by $15.7 million or a ratio of 1.03:1 and resulted in a small positive gap. The total negative gap as of March 31, 1992 is $662.5 million or .62:1. In view of the present economic climate and continued downward trends in interest rates, management does not view these amounts as presenting an unusually high risk potential.

Liquidity

Liquidity measures the ability to satisfy current and future cash flow needs as they become due. Maintaining an adequate level of liquid funds through proper asset-liability management ensures that these needs are met at a reasonable cost. On the asset side, liquid funds are maintained in the form of cash, due from banks, federal funds sold and unpledged short term investment securities. At March 31, 1992, liquid assets amounted to $1.08 billion as compared to $869.0 million at December 31, 1991. This represents 40.0 percent and 32.5 percent of earning assets and 37.1 percent and 30.3 percent of total assets at March 31, 1992 and year end 1991, respectively.

On the liability side, the primary source of funds available to meet liquidity needs is Valley's core deposit base, which generally excludes certificates of deposit over $100 thousand. Core deposits averaged $2.09 billion and $1.57 billion at March 31, 1992 and year end 1991, respectively, representing 79.7 percent and 74.1 percent of average earning assets. Short term borrowing and large dollar certificates of deposit, generally those over $100 thousand, are used as supplemental funding sources during periods when growth in the core deposit base does not keep pace with that of earning assets. Short term borrowings and certificates of deposit over $100 thousand amounted to $222.4 million and $236.8 million, on average, at March 31, 1992 and year end 1991.

Asset Quality and Risk Elements

Valley's primary business activity continues to be its lending function. Careful procedures to review the credit worthiness of applicants are employed to try to minimize the risk factor inherent to this type of business. Furthermore, efforts are made to maintain a diversified portfolio as to type of borrower and loan to guard against a downward turn in any one economic sector.

Management realizes that some degree of risk must be expected in the normal course of lending activities. Adequate reserves are therefore maintained to absorb such potential loan and off-balance sheet credit losses. The allowance for loan losses and related provision are an expression of management's appraisal of the credit portfolio and economic climate.

The level of the allowance is the result of an indepth and ongoing analysis by management and Valley's Board of Directors. This analysis takes into account various data so as to properly assess adequacy of the allowance. During the quarter continued emphasis was placed on the current economic climate and the continued deterioration of the real estate market in the Northern New Jersey area. Management addressed the current economic problems and applied that information to changes in composition of the loan portfolio, to variances in levels of classified loans, to increases in non-performing assets and other past due amounts. Reserve adequacy calculations are completed by applying risk assumptions to determine specific and general reserve requirements for all loans. Less emphasis is placed on historic experience as present conditions appear to be substantially unrelated to past experience and criteria. The culmination of this process is an adjustment to the reserve, as deemed necessary, to maintain the allowance at a level considered by management adequate to absorb future potential loan losses and other credit related charge-offs.

Valley's level of loan loss reserves has increased by $1.3 million since year end 1991. At March 31, 1992 the allowance for loan losses amounted to $23.2 million or 1.7 percent of loans, net of unearned income, as compared to $21.9 million or 1.6 percent at year end 1991. Excluding from the calculation of non-performing assets the $18.4 million of the balloon mortgages on which the renewals have not been documented (see "Non-Performing Assets", pg.12), the allowance compared to nonperforming assets was 61.3 percent. Excluding all past due but accruing loans from the calculation of non-performing assets, the allowance compared to nonperforming assets was 95.7 percent. However, if all categories of nonperforming assets are included, the allowance compared to the level of nonperforming assets decreased to 41.3 percent at March 31, 1992, compared to 58.0 percent at yearend 1991.

The allowance is maintained at a level deemed adequate by management through provisions charged against income and recoveries of previously charged-off loans. The provision for possible loan losses amounted to $3.25 million, at March 31, 1992 compared to $1.7 million for the same period in 1991.

PORTFOLIO CONCENTRATIONS AND NON-PERFORMING ASSETS

(In thousands)	As of 3/31/92	% of loans, net of unearned income	As of 12/31/91	% of loans, net of unearned income	As of 9/30/91	% of loans, net of unearned income	As of 6/30/91	% of loans, net of unearned income	As of 3/31/91	% of loans, net of unearned income
PORTFOLIO CONCENTRATIONS										
Commercial, financial and agricultural	$ 255,183	18.60%	$ 249,669	18.10%	$ 261,512	18.70%	$ 281,494	20.10%	$ 300,375	21.20
Real estate construction-Commercial	57,156	4.10%	65,455	4.70%	87,741	6.30%	83,662	5.90%	83,487	5.90
Real estate construction-Residential	10,035	0.70%	10,872	0.80%	10,599	0.80%	9,685	0.70%	12,377	0.90
Real estate mortgage-Commercial	288,981	20.80%	286,741	21.00%	271,266	19.40%	263,659	18.80%	260,009	18.10
Real estate mortgage-Residential	399,252	28.70%	373,886	27.10%	371,841	26.60%	368,204	26.30%	366,544	25.90
Loans to individuals	380,330	27.30%	389,293	28.30%	394,037	28.20%	395,486	28.20%	394,515	28.00
	1,390,937		1,377,916		1,396,996		1,402,190		1,416,907	
Less: unearned income	-841		-987		-1,405		-1,142		-1,329	
Loans, net of unearned income	$ 1,390,096	100.00%	$ 1,376,927	100.00%	$ 1,395,591	100.00%	$ 1,401,048	100.00%	$ 1,415,578	100.00
NON-PERFORMING ASSETS										
		% of loan group		% of loan group		% of loan group		% of loan group		% of loan group
Nonaccrual loans										
Commercial, financial and agricultural	$ 375	0.15%	$ 1,767	0.71%	$ 2,489	0.95%	$ 751	0.27%	$ 1,318	0.44
Real estate construction-Commercial	4,684	8.20%	6,615	10.11%	6,754	7.70%	4,987	5.96%	6,008	7.20
Real estate construction-Residential	8,500	84.70%	8,500	78.18%	8,500	80.20%	8,500	87.76%	8,500	68.68
Real estate mortgage-Commercial	5,597	1.94%	6,172	1.64%	5,394	1.99%	5,589	2.12%	1,152	0.44
Real estate mortgage-Residential	1,437	0.36%	1,126	0.30%	1,210	0.33%	865	0.23%	1,315	0.36
Loans to individuals	188	0.05%	248	0.06%	407	0.10%	176	0.04%	219	0.06
	20,781		22,428		24,754		20,828		18,512	
Total nonaccrual loans as a percentage of loans, net of unearned income		1.49%		1.63%		1.77%		1.49%		1.31
Other real estate owned										
Other real estate owned	691		1,466		1,506		536		682	
Insurance foreclosures	2,779		3,409		3,689		4,533		2,565	
Total other real estate owned	3,470		4,875		5,195		5,069		3,247	
Loans past due in excess of 90 days and still accruing	31,979		10,506		10,364		10,823		11,655	
Loans past due in excess of 90 days and still accruing as a percentage of loans, net of unearned income		2.30%		0.76%		0.74%		0.77%		0.82
Total non-performing assets	$ 56,230		$ 37,809		$ 40,313		$ 36,720		$ 33,414	
Total non-performing assets as a percentage of loans, net of unearned income		4.05%		2.75%		2.89%		2.62%		2.36
Restructured loans	$ 5,994		--		--		--		--	

Net loan charge-offs were $2.0 million at March 31, 1992. The annualized ratio of net charge-offs to average loans amounted to .60 percent compared with .43 percent at December 31, 1991.

During the quarter one loan in the amount of approximately $6 million was modified so that it became a troubled debt restructuring. The maturity of the loan was extended at a below market rate of interest. There was no reduction in the principal balance as a result of this restructuring.

Non-Performing Assets and Past Due Loans

Non-performing assets include non-accrual loans, other real estate owned (OREO) including insubstance foreclosures and loans past due in excess of 90 days and still accruing. Non-accrual loans represent loans which are generally past due in excess of 90 days as to the collection of principal or interest payments. Exceptions to the non-accrual policy may be permitted if the loan is sufficiently collateralized. OREO is acquired through foreclosure on loans secured by land or real estate. OREO is reported at the lower of carrying value or fair market value as determined by appraisal on the date of acquisition. Insubstance foreclosures represent loans wherein there is little or no equity by the borrower in the collateral, proceeds for repayment of the loan can only be expected from the operation or sale of the collateral, and the borrower has effectively abandoned control of the collateral due to his current financial condition, including the ability to rebuild equity in the collateral. Loans past due 90 days and still accruing represent those loans which are well collateralized and management believes all interest and principal owed will be collected.

The level of non-performing assets has increased steadily since 1990. Non-performing assets were $56.2 million at March 31, 1992 and $37.8 million at December 31, 1991 and amounted to 4.05 percent and 2.75 percent of loans, net of unearned income for each of these periods, respectively. The $18.4 million increase in non-performing assets since December 31, 1991 is due exclusively to a $21.5 million increase in loans past due in excess of 90 days and still accruing. Of the increase of $21.5 million, $18.4 million represents matured commercial balloon mortgages on which the customer continues to pay principal and interest and the Bank internally approved an extension of the loan, but for which formal modification and extension agreements were not executed. Of the $18.4 million of such balloon mortgages, $13.3 million were more than 90 days past their maturity at December 31, 1991 but were only categorized as past due after March 31, 1992. The remaining $5.1 million of these balloon mortgages became more than 90 days past due during the first quarter of 1992. Since March 31, 1992, the Bank has actively begun to document the renewal of these loans and, as of May 12, 1992, borrowers representing $2.9 million of the $18.4 million of ballon mortgages have executed loan modification and extension agreements or have paid the Bank a fee for renewal and received approval from the Bank for a loan modification and extension agreement which is now being prepared or reviewed by attorneys for the Bank. Consequently, the Bank anticipates that substantially all of these balloon commercial mortgages will be formally extended within the next several weeks and, as a consequence the $18.5 million past due increase in the first quarter due to the balloon mortgages will be eliminated or substantially reduced by the second or third quarter. Of the $20.8 million in non-accrual loans at March 31, 1992, approximately $16.8 million or 80.6 percent are considered adequately collateralized and backed by personal guarantees. In-substance foreclosures amounted to $2.8 million as compared with $3.4 million at December 31, 1991.

The decline in the economy, both on a national level and specifically in New Jersey, has caused an industry wide increase in non-performing assets. As the New Jersey economy continues to slow, particularly in the residential housing market, the trend of increasing non-performing assets may continue. Although Valley has not identified specific loans which may become non-accrual in the future, Valley's level of non-performing assets may increase if the economy continues to decline. Despite this downturn, Valley believes that its overall asset quality remains better than average, as evidenced by the fact that as of March 31, 1992, total non-performing assets, excluding the balloon mortgages, as a percentage of loans, net of unearned income was 2.7 percent.

Capital Adequacy

A significant measure of the strength of a financial institution is a strong capital base which can expand in close proportion to asset growth. It is the capital base which provides the primary risk insurance to depositors. Also, it is an important consideration to federal regulators, analysts of Valley's common stock, as well as others in the marketplace.

The Federal Reserve issued guidelines effective December 31, 1990, under a transitional ruling with full implementation required by December 31, 1992, for adopting a risk-based capital measure to be used in assessing the capital adequacy of bank holding companies. The risk-based capital ratio is determined by dividing Valley's qualifying total capital by consolidated total weighted-risk assets.

Weighted-risk assets are calculated by assigning assets and certain off-balance sheet items to broad risk categories. The total dollar value of each category is then weighted by the level of risk associated with each category. Certain other off-balance sheet items are converted to credit equivalents based upon a stated conversion factor and then assigned to the appropriate risk category.

Qualifying total capital is divided into two components; Tier-One and Tier-Two capital. Under the transitional ruling, Tier-One capital consists primarily of common shareholders' equity, less goodwill acquired after March 12, 1988, while the Tier-Two capital component will be made up of a limited portion of the allowance for loan losses not to exceed 1.5 percent of weighted-risk assets.

Effective December 31, 1992, Tier One capital will be further reduced by the exclusion of goodwill acquired before March 12, 1988, and the allowable portion of the allowance for loan losses included in Tier-Two capital will be reduced to 1.25 percent of weighted-risk assets.

Based upon the transitional minimum guidelines effective December 31, 1990, Valley's Tier One risk-based capital was 11.82 percent at March 31, 1992 as compared to a minimum ratio of 3.625 percent. Valley's risk-based capital ratio, Tier-One and Tier-Two capital of 13.19 percent is well in excess of the minimum required 7.25 percent. Effective December 31, 1992 the minimum Tier-One capital ratio will be increased to 4 percent and the minimum combined Tier-One and Tier-Two ratio will be increased to 8 percent.

Capital adequacy is measured against guidelines as established for bank holding companies by the Federal Reserve Board("FRB"). Effective December 31, 1990 the FRB issued guidelines for the Tier-one capital leverage ratio. This ratio represents capital less goodwill as a percentage of adjusted average assets. At March 31, 1992 Valley's leverage ratio was 6.89 percent, above the fully-phased in required regulatory capital of 3.00-5.00 percent.

Both VNB and Mayflower are also subject to similar but separate capital adequacy guidelines. VNB is subject to risk-based capital rules and leverage rules issued by the Comptroller of the Currency. As of March 31, 1992, VNB's risk-based capital ratio, Tier-One and Tier-Two was 11.10 percent and its leverage ratio was 5.87 percent. Mayflower, like Valley and VNB, maintains capital well in excess of all required minimums.

The primary source of capital growth is through retention of earnings. Valley's rate of earning retention, derived by dividing undistributed earnings by net income was 58.2 percent at March 31, 1992 compared to 42.7 percent at December 31, 1991. Annualized common dividends declared amounted to $1.36 per share, equivalent to a dividend payout ratio of 41.8 percent down from 57.3 percent at year-end 1991. Valley's Board of Directors continues to believe that cash dividends are an important component of shareholder value and that at its current level of performance and capital strength, Valley expects to be able to continue its current dividend policy.

Capital Adequacy

	Valley regulatory capital		Required regulatory capital	Fully phased-in regulatory required capital
	Amount	Percent(1)	Percent(2)	Percent(3)
Risk based capital:				
Tier-one capital	$200,457	11.82%	3.625%	4.00%
Tier-one & Tier-two capital	$223,634	13.19%	7.25%	8.00%
Tier-one leverage	$196,105	6.89%	3.00-5.00%	3.00-5.00%

(1) Ratio of qualifying capital to consolidated total weighted-risk assets.

(2) Based upon the minimum regulatory guidelines effective December 31, 1990.

(3) Based upon the fully phased-in minimum guidelines effective December 31, 1992.

PART II

Item 5. Other Matters

a) The Board of Directors approved a three for two common stock split on March 24, 1992. The new stock was issued April 24, 1992 to shareholders of record as of April 13, 1992. In conjunction with the announced split, the Board of Directors also approved an increase in the regular quarterly dividend from 22.6 cents to 24 cents per quarter, on an adjusted basis. In connection with the stock split the company filed an amendment to its Certificate of Incorporation which increased the authorized common shares to 27,300,000 shares effective April 23, 1992.

Item 6. Exhibits and Reports on Form 8-K

a) Reports on Form 8-K

1) There were no reports on Form 8-K filed by Valley during the quarter which is covered by this report.

b) Amendment to Certificate of Incorporation

(The remaining omitted items of Part II are inapplicable.)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant had duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VALLEY NATIONAL BANCORP
(Registrant)

Date: 4/3/84

PETER SOUTHWAY
PRESIDENT AND CHIEF
OPERATING OFFICER

Date: 4/3/84

ALAN D. ESKOW
VICE PRESIDENT
FINANCIAL ADMINISTRATION

Exhibit

AMENDMENT

TO THE

CERTIFICATE OF INCORPORATION

OF

VALLEY NATIONAL BANCORP.

FILED

APR 23 1992

DANIEL J. DALTON
Secretary of State

Valley National Bancorp., a New Jersey corporation, pursuant to N.J.S.A. 14A:7-15.1, does hereby certify as follows:

(a) The name of the corporation is: Valley National Bancorp. (the "Corporation").

(b) A fifty percent (50%) stock split was declared by the Corporation on March 24, 1992, pursuant to which one share of Common Stock, no par value, will be distributed for each two shares of Common Stock, no par value, held by shareholders on the record date of April 13, 1992, effective April 24, 1992. A resolution approving the share division was adopted by the Board of Directors of the Corporation at its regular meeting held on the 24th day of March, 1992.

(c) The share division will not adversely affect the rights or preferences of the holders of outstanding shares and will not result in the percentage of authorized shares that remains unissued after the share division exceeding the percentage of authorized shares that was unissued before the share division.

(d) There were issued and outstanding, as of the record date of April 13, 1992, 12,688,543 shares of Common Stock without par value which are the shares subject to the share division. As a result of the share division, in which one share will be issued for every two shares issued and outstanding, those 12,688,543 will

be divided into 19,032,814 shares issued and outstanding.

(e) The Corporation is hereby amending its certificate of incorporation in connection with the share division as follows:

The existing "Article V" is deleted in its entirety. In lieu thereof, the following Article V is added to the certificate of incorporation:

> "The Corporation is authorized to issue 27,300,000 shares of common stock without nominal or par value."

(f) The share division and amendment are to become effective as of April 24, 1992.

IN WITNESS WHEREOF, Gerald H. Lipkin, Chairman and chief Executive Officer of Valley National Bancorp., has executed this Certificate on behalf of Valley National Bancorp on this 17th day of April, 1992.

VALLEY NATIONAL BANCORP.

By: Gerald H. Lipkin
Gerald H. Lipkin, Chairman
and Chief Executive Officer

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